

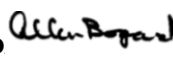




CITY COUNCIL

AGENDA REQUEST

AGENDA OF:	11-16-10	AGENDA REQUEST NO:	VII-C
INITIATED BY:	PHIL WAGNER MANAGEMENT ASSISTANT II	RESPONSIBLE DEPARTMENT:	COMMUNITY DEVELOPMENT
PRESENTED BY:	PHIL WAGNER MANAGEMENT ASSISTANT II	DEPARTMENT HEAD:	JIM CALLAWAY, 
		ADDITIONAL DEPARTMENT HEAD (S):	N/A
SUBJECT / PROCEEDING:	REVIEW AND DISCUSS DRAFT POLICY ON THE CREATION, OPERATIONS AND DISSOLUTION OF SPECIAL DISTRICTS LOCATED WITHIN THE CITY OR ITS EXTRATERRITORIAL JURISDICTION		
EXHIBITS:	N/A		
CLEARANCES		APPROVAL	
LEGAL:	N/A	EXECUTIVE DIRECTOR:	JIM CALLAWAY, 
PURCHASING:	N/A	ASST. CITY MANAGER:	N/A
BUDGET:	N/A	CITY MANAGER:	ALLEN BOGARD 
BUDGET			
EXPENDITURE REQUIRED: \$		N/A	
AMOUNT BUDGETED/REALLOCATION: \$		N/A	
ADDITIONAL APPROPRIATION: \$		N/A	
RECOMMENDED ACTION			
Review and provide City Council direction on proposed Policy.			

EXECUTIVE SUMMARY

In June of 1991, the City Council adopted Resolution 91-16 – Dissolution Policy for Municipal Utility Districts. The Policy states the following:

- Dissolution of MUDs within the corporate limits is a goal, and will be considered when, among other items, less than 50 percent of a district's debt is retired and dissolution will not increase the City's debt service by more than 25 percent.
- In-City MUD tax rebates will exist at a rate of 30 percent of City taxes collected in the District.
- The City will no longer grant consent of MUDs within the corporate limits.

Not surprisingly, changes in development patterns over the years has led to the City straying away from this policy in the negotiation of new development agreements and strategic partnership agreements. For example, the City has allowed the creation of In-City MUDs in Lake Pointe and Telfair with no plans to dissolve the districts until there are no negative fiscal impacts for the City's taxpayers. Likewise, new tax rebates have been structured with the previous goal of limiting the tax burden on residents of In-City MUDs, but with the acknowledgement that as District debt decreases, so to should the City's rebate amount.

Additionally, along with not providing conditions for when In-City MUDs would be allowed, the Policy did nothing to address the City's consent provisions for the creation of districts in the City's extra-territorial jurisdiction. Considering the abundance of these districts, and the impact they have on the City upon annexation, significant effort has been made in the past, on a case-by-case basis, to ensure districts are created in accordance with the City's best interests.

Since the City is still decades away from complete build out, and the possibility exists for additional In-City and ETJ MUDs, staff has worked to memorialize conditions for the City's consent to ETJ and In-City MUDs, along with creating updated criteria for the dissolution of existing and future In-City MUDs. These objectives will be accomplished in a proposed MUD Creation and Dissolution Policy that will replace the 1991 policy. The key elements of the policy are organized under the three aforementioned sections. They are listed as follows:

Creation of ETJ Districts

Conditions for Consent

- Bond debt will not extend beyond 25 years without City approval.
- The City may limit bonds only for the purposes of providing water, wastewater and drainage.
- District infrastructure shall be constructed in accordance with City design standards.
- District utility infrastructure shall be in compliance with the City's Water Master Plan and Wastewater Master Plan. The District must pay all applicable connection fees.

Additional Conditions (Mutual Consent)

- The City and the Developer shall enter into a development agreement.
- If municipal services are desired, the City and Developer shall enter into a strategic partnership agreement outlining terms for future annexation.
- If the City consents to the creation of ground wells, or if the District plans to employ reuse water, the District must enter into the City's Groundwater Reduction Plan.
- The District will enter into a Fire Protection Agreement with the City.
- The District will construct, widen, or improve roads as a result of a traffic impact analysis.

Creation of In City Districts

Conditions for Consent

- Bond debt will not extend beyond 25 years without City approval.
- The City may limit bonds only for the purposes of providing water, wastewater and drainage.
- The Developer must enter into a contract with the City for water and wastewater services and the District, after acceptance, shall accept such a contract and pay all applicable connection fees.
- District infrastructure shall be constructed in accordance with City design standards.
- If the City consents to the creation of ground wells, or if the District plans to employ reuse water, the District must enter into the City's Groundwater Reduction Plan.
- The District may not provide utility service outside the boundaries of the District, or receive utility service from another district or municipality.
- The District will not own any facilities without the City's written approval. The District will finance water, wastewater and drainage facilities and convey them to the City for operation and maintenance.
- The District will not incur non-administrative operating expenses without City approval.

Tax Reimbursement

- Provided to property-owners of In-City MUDs.
- Serve the public purpose of offering equitable relief to the MUD property owners from the additional City taxes imposed to pay a portion of the bond debt incurred by other MUDs and assumed by the City upon dissolution.
- Payments will be the lesser of the amount the MUD is required to pay in principal and interest on its bond debt for the year, or the amount of City ad valorem taxes collected from within the MUD that would be applied to the portion of the City's tax rate used to retire debt of previously dissolved MUDs.

Dissolution of In City Districts

Conditions for Dissolution

- For Districts existing prior to the enactment of the policy, the City's annual cost of paying the District's bond debt and operating expenses must be equal to or less than the amount of revenue the City gains by foregoing payment of a previously negotiated Tax Reimbursements.
- For Districts created after the adopted date of the policy, the City's annual cost of paying the District's bond debt after dissolution will be equal to or less than the amount of revenue the City gains by foregoing payment of the Tax Reimbursement described in this policy.
- All Districts have fully reimbursed the developer for District infrastructure.
- All Districts will not be delinquent in the payment of any financial obligation, other than bond debt accepted by the City.
- For Districts created after the adopted date of the policy, the District does not own and operate any drainage detention facilities that would be operated and maintained by the City.

EXHIBITS

N/A